



December 21, 2022

Mr. Albert Lovingood  
Pension Administrator  
The Resource Centers, LLC  
4360 Northlake Blvd. Suite 206  
Palm Beach Gardens, FL 33410

**Re: City of Lake Worth Beach Police Officers Retirement System  
GASB No. 67 Disclosure Information for Fiscal Year Ending September 30, 2022**

Dear Albert:

As requested, we have prepared the updated actuarial disclosure information required under Governmental Accounting Standards Board (GASB) Statement No. 67 for the City of Lake Worth Beach Police Officers Retirement System for the fiscal year ending September 30, 2022.

The following exhibits were based upon draft audited financial information as of September 30, 2022, which was furnished by the Plan's auditor (Kabat, Schertzer, De La Torre, Taraboulos & Co.), as well as information furnished by the Plan Administrator. If any of this information changes during the auditing process (including benefit payments, contributions, administrative expenses, or the actual market value of assets as of September 30, 2022), then the following exhibits will need to be revised:

- Statement of Changes in Employer's Net Pension Liability and Ratios
- Schedule of the Employer's Net Pension Liability
- Notes to Net Pension Liability
- Schedule of Contributions
- Notes to Schedule of Contributions
- Sensitivity Analysis

The actuarial valuation of the liabilities has been determined as of the beginning of the year, October 1, 2021 (based on the actuarial valuation results reported in the October 1, 2021 actuarial valuation report dated May 2, 2022), and "rolled forward" to the measurement date, September 30, 2022. Using beginning of the year valuation of liabilities allows for more timely reporting at the end of the year. If significant changes occur during the year, such as benefit changes or changes in assumptions or methods, these may need to be reflected in the process.

Please note that there are other items not listed above that will be required in the Plan's financial statements and/or the City's Annual Comprehensive Financial Report (ACFR) to fully comply with GASB No. 67 standards. This additional information will need to be provided by the Plans' investment consultants, accountants or other financial statement preparers.

Also, please note that these exhibits reflect the combined assets and liabilities of the merged Division I (defined benefit plan) and Division II (Share Plan). Based on verbal instructions from the Plan's auditor, this merged group is to be treated as one plan for purposes of GASB No. 67 reporting.

### **Required Disclosures**

This information is intended to assist in preparation of the financial statements of the Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Our actuarial calculations for this report were prepared for the purpose of complying with the requirements of GASB Statement No. 67. These calculations have been made on a basis that is consistent with our understanding of this Statement.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 67. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results. This report may be provided to parties other than the City or Board only in its entirety and only with the permission of the City or Board. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by the Plan Administrator and auditor, concerning Plan benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. This information was checked for internal consistency, but it was not otherwise audited. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and auditor.

This report complements the actuarial valuation report that was provided to the Board and should be considered in conjunction with that report. Please see the actuarial valuation report as of October 1, 2021 dated May 2, 2022 for additional discussion of the nature of actuarial calculations and information related to participant data, economic and demographic assumptions, and benefit provisions.

The findings in this report are based on data through September 30, 2021 and financial information through September 30, 2022. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization

period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

To the best of our knowledge, the information contained with this report is accurate and fairly represents the actuarial position of the Plan. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

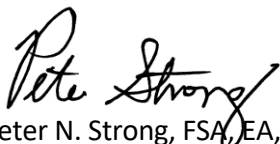
The signing actuaries are independent of the plan sponsor.

Peter N. Strong and Nicolas Lahaye are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the Plan and/or paid from the Plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

We welcome your questions and comments,

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Peter N. Strong, FSA, EA, MAAA, FCA  
Senior Consultant & Actuary



Nicolas Lahaye, FSA, EA, MAAA, FCA  
Consultant & Actuary

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Enclosures



# SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

## GASB Statement No. 67

Fiscal year ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service Cost	\$ 219,654	\$ 231,542	\$ 233,461	\$ 210,912	\$ 193,882	\$ 229,634	\$ 255,209	\$ 238,693	\$ 280,511
Interest	3,529,421	3,648,567	3,711,037	3,702,052	3,661,397	3,713,027	3,837,201	3,902,610	3,915,664
Benefit Changes	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience	616,756	666,011	(144,036)	24,508	434,141	(97,978)	(655,445)	287,033	115,847
Assumption Changes	638,628	(806,211)	672,851	666,720	656,642	266,889	635,049	-	-
Benefit Payments	(4,293,080)	(5,038,595)	(3,804,703)	(3,680,593)	(3,678,987)	(4,422,363)	(5,427,902)	(5,567,874)	(3,923,670)
Refunds	-	-	-	-	-	-	-	-	-
Other (Additions to Share Plan Accounts and Buybacks)	296,075	339,815	340,049	270,932	295,992	235,027	209,050	209,050	202,603
<b>Net Change in Total Pension Liability</b>	<b>1,007,454</b>	<b>(958,871)</b>	<b>1,008,659</b>	<b>1,194,531</b>	<b>1,563,067</b>	<b>(75,764)</b>	<b>(1,146,838)</b>	<b>(930,488)</b>	<b>590,955</b>
<b>Total Pension Liability - Beginning</b>	<b>53,451,276</b>	<b>54,410,147</b>	<b>53,401,488</b>	<b>52,206,957</b>	<b>50,643,890</b>	<b>50,719,654</b>	<b>51,866,492</b>	<b>52,796,980</b>	<b>52,206,025</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 54,458,730</b>	<b>\$ 53,451,276</b>	<b>\$ 54,410,147</b>	<b>\$ 53,401,488</b>	<b>\$ 52,206,957</b>	<b>\$ 50,643,890</b>	<b>\$ 50,719,654</b>	<b>\$ 51,866,492</b>	<b>\$ 52,796,980</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer (from City)	\$ 3,626,864	\$ 3,652,061	\$ 3,024,527	\$ 2,679,249	\$ 2,540,005	\$ 2,494,961	\$ 2,138,029	\$ 2,091,989	\$ 1,883,177
Contributions - Employer (from State)	579,480	563,299	623,454	554,337	579,397	518,432	469,100	426,376	404,603
Contributions - Non-Employer Contributing Entity (from PBSO)	-	-	-	-	-	-	275,654	254,844	256,176
Contributions - Employee (including buyback contributions)	62,459	128,159	75,013	73,571	68,521	73,533	169,346	102,916	208,801
Net Investment Income	(5,781,568)	6,073,410	3,137,775	1,451,429	2,189,338	3,021,517	1,744,263	449,322	2,906,179
Benefit Payments	(4,293,080)	(5,038,595)	(3,804,703)	(3,680,593)	(3,678,987)	(4,422,363)	(5,427,902)	(5,567,874)	(3,923,670)
Refunds	-	-	-	-	-	-	-	-	-
Administrative Expense	(106,763)	(97,520)	(97,657)	(100,691)	(91,941)	(91,961)	(94,732)	(89,064)	(96,476)
Other	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(5,912,608)</b>	<b>5,280,814</b>	<b>2,958,409</b>	<b>977,302</b>	<b>1,606,333</b>	<b>1,594,119</b>	<b>(726,242)</b>	<b>(2,331,491)</b>	<b>1,638,790</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>41,545,013</b>	<b>36,264,199</b>	<b>33,305,790</b>	<b>32,328,488</b>	<b>30,722,155</b>	<b>29,128,036</b>	<b>29,854,278</b>	<b>32,185,769</b>	<b>30,546,979</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 35,632,405</b>	<b>\$ 41,545,013</b>	<b>\$ 36,264,199</b>	<b>\$ 33,305,790</b>	<b>\$ 32,328,488</b>	<b>\$ 30,722,155</b>	<b>\$ 29,128,036</b>	<b>\$ 29,854,278</b>	<b>\$ 32,185,769</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>18,826,325</b>	<b>11,906,263</b>	<b>18,145,948</b>	<b>20,095,698</b>	<b>19,878,469</b>	<b>19,921,735</b>	<b>21,591,618</b>	<b>22,012,214</b>	<b>20,611,211</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>65.43 %</b>	<b>77.73 %</b>	<b>66.65 %</b>	<b>62.37 %</b>	<b>61.92 %</b>	<b>60.66 %</b>	<b>57.43 %</b>	<b>57.56 %</b>	<b>60.96 %</b>
<b>Covered Payroll</b>	<b>\$ 884,686</b>	<b>\$ 966,547</b>	<b>\$ 1,071,183</b>	<b>\$ 1,042,087</b>	<b>\$ 970,555</b>	<b>\$ 1,041,543</b>	<b>\$ 1,275,960</b>	<b>\$ 1,250,989</b>	<b>\$ 1,333,456</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>2,128.02 %</b>	<b>1,231.83 %</b>	<b>1,694.01 %</b>	<b>1,928.41 %</b>	<b>2,048.15 %</b>	<b>1,912.71 %</b>	<b>1,692.19 %</b>	<b>1,759.58 %</b>	<b>1,545.70 %</b>



## SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

### GASB Statement No. 67

<u>FY Ending September 30,</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 52,796,980	\$ 32,185,769	\$ 20,611,211	60.96%	\$ 1,333,456	1,545.70 %
2015	51,866,492	29,854,278	22,012,214	57.56%	1,250,989	1,759.58 %
2016	50,719,654	29,128,036	21,591,618	57.43%	1,275,960	1,692.19 %
2017	50,643,890	30,722,155	19,921,735	60.66%	1,041,543	1,912.71 %
2018	52,206,957	32,328,488	19,878,469	61.92%	970,555	2,048.15 %
2019	53,401,488	33,305,790	20,095,698	62.37%	1,042,087	1,928.41 %
2020	54,410,147	36,264,199	18,145,948	66.65%	1,071,183	1,694.01 %
2021	53,451,276	41,545,013	11,906,263	77.73%	966,547	1,231.83 %
2022	54,458,730	35,632,405	18,826,325	65.43%	884,686	2,128.02 %



## NOTES TO NET PENSION LIABILITY

### GASB Statement No. 67

Valuation Date: October 1, 2021  
Measurement Date: September 30, 2022

**Methods and Assumptions Used to Determine Net Pension Liability:**

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	6.5%, including inflation
Investment Rate of Return	6.70%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk employees in their July 1, 2020 actuarial valuation (with mortality improvements projected for non-disabled lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

**Other Information:**

Notes See Discussion of Valuation Results on Page 1 of the October 1, 2021 actuarial valuation report.

The following change is reflected in the Total Pension Liability measured as of September 30, 2022:

- Effective October 1, 2021, the investment return assumption was changed from 6.85% to 6.70%.



## SCHEDULE OF CONTRIBUTIONS

### GASB Statement No. 67

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 2,341,353	\$ 2,341,353	\$ -	\$ 1,333,456	175.59%
2015	2,548,833	2,564,159	(15,326)	1,250,989	204.97%
2016	2,615,683	2,673,733	(58,050)	1,275,960	209.55%
2017	2,696,961	2,778,366	(81,405)	1,041,543	266.75%
2018	2,742,005	2,823,410	(81,405)	970,555	290.91%
2019	2,962,654	2,962,654	-	1,042,087	284.30%
2020	3,307,932	3,307,932	-	1,071,183	308.81%
2021	3,935,466 *	3,935,466	-	966,547	407.17%
2022	3,910,269	3,910,269	-	884,686	442.00%

\*Reflects interest accrued through September 30, 2020 on the receivable employer contributions.



## **NOTES TO SCHEDULE OF CONTRIBUTIONS**

### **GASB Statement No. 67**

**Valuation Date:** October 1, 2020  
**Notes** Actuarially determined contributions are calculated as of the October 1st which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	10 years
Asset Valuation Method	5-year smoothed market
Inflation	2.5%
Salary Increases	6.5%, including inflation
Investment Rate of Return	6.85%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk employees in their July 1, 2020 actuarial valuation (with mortality improvements projected for non-disabled lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

**Other Information:**

**Notes** See Discussion of Valuation Results on Page 1 of the October 1, 2020 Actuarial Valuation Report.





## **SINGLE DISCOUNT RATE**

### **GASB Statement No. 67**

A single discount rate of 6.70% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.70%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.70%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.70%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

#### **Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption**

<b>1% Decrease</b>	<b>Current Single Discount</b>	<b>1% Increase</b>
<b>5.70%</b>	<b>Rate Assumption</b>	<b>6.70%</b>
	<b>6.70%</b>	<b>7.70%</b>
<b>\$23,534,140</b>	<b>\$18,826,325</b>	<b>\$14,854,933</b>

